

## Message Text

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51

ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 COME-00 AGR-05 CIAE-00 DODE-00

PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 OPIC-03 AID-05 TRSE-00 OMB-01

CIEP-01 CU-02 LAB-04 SIL-01 SY-05 A-01 OPR-02 SSO-00

OC-05 CCO-00 STR-04 /102 W  
----- 119930

R 101706Z JUN 75

FM AMEMBASSY TEGUCIGALPA  
TO SECSTATE WASHDC 306  
INFO AMEMBASSY GUATEMALA  
AMEMBASSY MANAGUA  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
USCINCSO

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E.O. 11652: N/A

TAGS: BBAK, ELAB, PINT, HO

SUBJECT: PUBLIC CONTROVERSY ABOUT U.S. BANANA COMPANIES

REF: TEGUCIGALPA 2213

BEGIN SUMMARY: HONDURAN NEWSPAPERS CONTINUE TO DEBATE  
THE FUTURE OF THE AMERICAN FRUIT COMPANIES ON THEIR  
EDITORIAL PAGES. CONSERVATIVE LA PRENSA AND LA NOTICIA  
CONTINUE TO PRESENT THE THESIS THAT FOREIGN INVESTMENT  
IS NECESSARY IF HONDURAS IS TO DEVELOP. LIBERAL TIEMPO,  
ON THE OTHER HAND, IS CALLING FOR THE COMPANIES'  
NATIONALIZATION. END SUMMARY.

1. THE GENERAL RIVALRY BETWEEN HONDURAS' MOST SIGNIFICANT  
NEWSPAPERS, CONSERVATIVE LA PRENSA AND LIBERAL TIEMPO, IS  
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EXPRESSING ITSELF ON THE BANANA COMPANY QUESTION. TIEMPO  
IS TAKING A CONSISTENT LINE THAT THE COUNTRY'S HONOR HAS  
BEEN SO SERIOUSLY OFFENDED BY THE UNITED BRANDS' BRIBERY  
EPISODE THAT THE ONLY SUITABLE RESPONSE AVAILABLE TO THE

GOH IS NATIONALIZATION. TIEMPO HAS RUN STORIES PURPORTING TO SHOW THAT RATHER THAN INCREASE NATIONAL WEALTH THE FRUIT COMPANIES, BY REPATRIATING PROFITS, HAVE ACTUALLY CAUSED A DECAPITALIZATION. CONSERVATIVE LA PRENSA AND LA NOTICIA HAVE BEEN ARGUING THAT THE COUNTRY NEEDS FOREIGN INVESTMENT FOR DEVELOPMENT AND IT WILL BE IMPOSSIBLE TO ATTRACT FOREIGN CAPITAL IF NATIONALIZATION TAKES PLACE. EACH OF THE PAPERS CAN BE EXPECTED TO ANSWER THE OTHER'S EDITORIALS IN A CONTINUING OPINION BATTLE.

2. THE ADVISORY COMMISSION ON NATIONAL BANANA POLICY CREATED BY CHIEF OF STATE MELGAR BEGAN ITS WORK ON MAY 26 AND HAS SO FAR MANAGED TO CONDUCT ITS WORK IN RELATIVE SECRECY. ACCORDING TO THE TERMS OF THE DECREE SETTING UP THE COMMISSION, IT HAS ONLY 45 DAYS, THAT IS UNTIL JULY 9, TO MAKE ITS REPORT TO MELGAR. THE COMMISSION'S CREATION WAS NOT UNIVERSALLY WELCOMED AS THE BEST APPROACH TO THE PROBLEM BUT THERE HAS BEEN NO RECENT EDITORIAL CRITICISM.

3. LEFT LEANING STUDENT AND LABOR GROUPS CONTINUE TO CALL FOR THE NATIONALIZATION OF THE FRUIT COMPANIES THROUGH SEVERAL AD HOC ORGANIZATIONS. THE BROAD FRONT IN DEFENSE OF NATIONAL SOVEREIGNTY HAS BEEN FORMED IN SAN PEDRO SUGW AND ANIBAL DELGADO FIALLOS, DEAN OF THE SAN PEDRO SULA BRANCH OF NATIONAL UNIVERSITY (UNAH) AND THE FRONT'S COORDINATOR, HAS STATED THAT THERE WILL BE A LARGE DEMONSTRATION ON STUDENTS' DAY, JUNE 11, TO FOCUS ATTENTION ON THE COUNTRY'S GREATEST PROBLEMS, I.E., THE FRUIT COMPANIES.

4. COMMENT: IT IS PROBABLE THAT THE CALLS FOR THE NATIONALIZATION OR "PUNISHMENT" OF THE BANANA COMPANIES WILL CONTINUE. CERTAINLY THE LT. COLONELS GROUP RECOGNIZES THE PROBLEM OF HOW TO DEAL WITH THE COMPANIES AS A "HOT POTATO", BECAUSE THEY DO NOT WANT TO TAKE ANY ACTION THAT WILL CAUSE SIGNIFICANT SECTORS OF THE SOCIETY TO OPPOSE THEIR POLICIES.  
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THEY ARE, THEREFORE, AWAITING THE RESULTS OF THE BANANA COMMISSION'S FINDINGS WITH A GOOD DEAL OF CONCERN SINCE THEY WILL THEN BE FACED WITH TAKING SOME KIND OF ACTION ON THE COMMISSION'S PROPOSALS.  
SANCHEZ

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## Message Attributes

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MANAGUA  
SAN JOSE  
SAN SALVADOR  
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